

## SENATE CONCURRENT RESOLUTION NO. 2

A CONCURRENT RESOLUTION, Urging the United States Congress to adopt legislation providing greater equity in Medicare reimbursement between large urban health care providers and rural health care providers.

WHEREAS, the greatest challenge facing health care providers in South Dakota is maintaining an adequately sized and trained workforce to care for and treat the state's aging population; and

WHEREAS, South Dakota's low unemployment rate and increasing competition from labor markets outside the state require that South Dakota health care providers have the necessary resources to compete for talented health care workers locally, regionally, and nationally; and

WHEREAS, Medicare represents a significant portion of the health care services provided by hospitals, nursing facilities, and home health agencies; and

WHEREAS, those health care facilities located in the rural portions of South Dakota generally serve a disproportionately high percentage of Medicare patients; and

WHEREAS, those rural health care facilities are as a group the most financially at-risk health care institutions in South Dakota; and

WHEREAS, the growing difference between the actual cost of caring for Medicare patients in South Dakota and Medicare reimbursement is among the highest in the United States; and

WHEREAS, Medicare currently provides favorable payment status through a "standardized rate" to large urban health care providers relative to small urban and rural health care providers by giving the former an automatic 1.6 percent increase over the latter; and

WHEREAS, Medicare payments for hospitals, skilled nursing facilities, and home health care are adjusted to reflect differences in wages and salaries paid around the country through the Area Wage Index (AWI); and

WHEREAS, the data used to calculate the AWI is four years old and not reflective of current labor market conditions and the AWI is applied to a disproportionately high percentage of the Medicare payment; and

WHEREAS, disparities in the standardized rate and the AWI make it increasingly difficult for South Dakota health care providers to compete for and attract health care professionals and other workers in a regional and national labor market:

NOW, THEREFORE, BE IT RESOLVED, by the Senate of the Seventy-seventh Legislature of the State of South Dakota, the House of Representatives concurring therein, that the United States Congress enact legislation that applies Medicare's standardized rate currently applied to large urban areas to small urban and rural health care providers and that modifies the Area Wage Index by establishing a floor of 0.925 and applies the Area Wage Index to a percentage of reimbursement that more closely reflects the actual percentage of a health care provider's expenses devoted to wages and salaries; and

BE IT FURTHER RESOLVED, that copies of this Resolution be forwarded to Senator Tom Daschle, Senator Tim Johnson, and Representative John Thune and that Senator Daschle, Senator Johnson, and Representative Thune be requested to brief the 2003 South Dakota Legislature on any progress or developments that have occurred at the national level on this issue.

Adopted by the Senate,  
Concurred in by the House of Representatives,

January 26, 2002  
February 08, 2002

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Carole Hillard  
President of the Senate

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Patricia Adam  
Secretary of the Senate

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Scott Eccarius  
Speaker of the House

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Karen Gerdes  
Chief Clerk of the House